

This prospectus is not, and under no circumstances is to be construed as, a public offering of these shares for sale in the United States of America or in the territories or possessions thereof.

NEW ISSUE

FEDERAL SAVINGS AND LOAN CORPORATION

(Incorporated under The Loan and Trust Corporations Act of the Province of Ontario)

70,000 Shares

(with a par value of \$10 each)

Transfer Agent and Registrar:
Federal Savings and Loan Corporation, Toronto

We, as principals, offer these shares, subject to prior sale and change in price, if, as and when issued by the Company and accepted by us, subject to the approval of all legal matters on our behalf by Messrs. Lash, Johnston, Sheard & Pringle, Toronto, and on behalf of the Company by Messrs. Rechtshaffen and Melnik, Toronto.

PRICE: \$12.50 per share

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

It is expected that definitive share certificates will be available for delivery on or about October 20, 1964.

BONGARD & COMPANY

TORONTO, VANCOUVER VICTORIA, CALGARY, EDMONTON, WINNIPEG
PORT ARTHUR, WINDSOR, LONDON, GUELPH, HAMILTON, OTTAWA, HALIFAX

Mr. Oscar Rechtshaffen, President of Federal Savings & Loan Corporation, has supplied the following information:

THE COMPANY

Federal Savings & Loan Corporation (hereinafter called "Federal") was incorporated under The Loan and Trust Corporations Act of the Province of Ontario by letters patent dated the 28th day of May, 1964, and was registered to transact business under the said Act on the 20th day of July, 1964. The head office of Federal is at Toronto.

CORPORATE POWERS — SAVINGS

Pursuant to the provisions of The Loan and Trust Corporations Act, Federal is empowered to accept savings deposits from the public and to borrow funds through the issue and sale of debentures in various denominations and for varying terms. Federal intends to obtain funds by bank borrowings and offering its debentures in the short term money market. Initially the total amount which may be borrowed by Federal on debentures and by way of deposits shall not exceed its cash on hand or deposited in chartered banks plus four times its unimpaired paid-in capital and reserve, but the Lieutenant Governor in Council may increase the ratio of such borrowing to twelve and one-half times the combined amount of such capital and reserve.

Federal is required at all times to maintain cash on hand or on deposit in chartered banks or in certain approved securities in the aggregate of at least 20% of the amount of money on deposit with it.

CORPORATE POWERS — INVESTMENTS

Some of the main categories of investments permitted under the Act are briefly outlined as follows:

1. Mortgages upon improved real estate up to 66 2/3% of the value of the mortgaged property;
2. Mortgages in excess of 66 2/3% of the value of the mortgaged property if guaranteed by the Government under the National Housing Act;
3. Bonds of or guaranteed by the Government of Canada, or of or guaranteed by the government of any province of Canada or of any municipality or school corporation in Canada, or guaranteed by any municipal corporation in Canada;
4. The bonds, debentures or other evidences of indebtedness of any company that has paid regular dividends on its preferred or on its common stocks for not less than five years immediately preceding the date of purchase or investment;
5. The preferred stocks of any company that has paid regular dividends upon such stocks or upon its common stocks for not less than five years immediately preceding the purchase of the preferred stocks;
6. The fully-paid common stocks of any company which has paid a dividend for the past seven consecutive years of not less than 4% of the average value at which the stocks were carried on the books of the company during the year in which the dividend was paid;
7. Income producing real estate under lease under certain conditions; or
8. Subject to certain reservations, loans and investments not otherwise authorized by the Act, to a total book value not in excess of 15% of the corporation's unimpaired paid-up capital and reserve.

OPERATIONS

The present business being conducted by Federal is the investment of its funds on hand in making loans on the security of first mortgages on real estate as permitted under The Loan and Trust Corporations Act. It is anticipated that savings offices will be opened in Toronto and thereafter in selected areas in the Province of Ontario. The higher interest rates paid on deposits, and the longer, more convenient business hours of trust and loan corporations have resulted in a dramatic flow of savings to these institutions. Federal should be able to benefit substantially from this growing trend in favour of loan and trust corporations.

The mortgage industry has undergone a number of changes in recent years whereby the needs of borrowers have been better served by the establishment of institutions which have focused their operations on specific areas of the mortgage market.

The conventional first mortgage loan rate at the present time is generally 7% per annum with some minor variations dependent upon the type of property and the community in which it may be located. The rate of interest which is applied by institutions in the supplementary mortgage business is generally 12% per annum, also with some minor variations as stated. This rate is generally applied on loans which exceed 66 2/3% of the value of a property or where a second mortgage is involved.

It is therefore apparent that a substantial vacuum exists in the Canadian mortgage rate structure between the 7% conventional mortgage loan rate and the 12% supplementary mortgage loan rate. Federal intends to concentrate on this area of the first mortgage market yielding from 7% to 10% per annum on real estate not exceeding 66 2/3% of its value in addition to conventional first mortgage loans. The advantages in addressing itself to a particular segment of the market are two fold — less competition and higher earnings per dollar loaned.

A strong benefit accrues to Federal through its relationship with Security Capital Corporation Limited, a company engaged in the supplementary mortgage business. Security has purchased 40,000 shares of Federal, thus constituting Security the largest single shareholder of Federal. Security has an established network of mortgage agents which developed more than \$4,000,000 in mortgage loans on its behalf in the past two years at yields of 12% per annum or more. These agents generate a large volume of desirable first mortgage loans which they formerly placed with other lenders because the yield was below that required by Security. Therefore Federal should have a continuous flow of first mortgage loans from this established network of agents.

Federal and Security will also offer combined or package plan loans up to 83 1/3% of the value of a property at rates as low as 7 1/4% per annum, which is competitive with the best loan plans presently offered in Canada by any source.

Mr. Oscar Rechtshaffen, the President of Security, is the chief executive officer of Federal. The mortgage investment experience and skills of the management and staff of Security plus the opportunity to achieve operating economies through cost-sharing between the two companies, should add measurably to the successful operation of Federal.

PURPOSE OF ISSUE

The net proceeds to the Company from the sale of the shares offered by this prospectus will be employed as working capital.

CAPITALIZATION

Upon completion of the present financing, the capitalization of the Company will be:

CAPITAL STOCK:

Authorized —

500,000 shares with a par value of \$10 each (1)	<u>\$5,000,000</u>
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Issued —

112,300 shares, fully paid	\$1,123,000	
77,700 shares, 10% paid	777,000	
Premium on fully paid shares	147,300	
Premium on 10% paid shares	77,700	
.....		<u>\$2,125,000</u>
Less: Amounts unpaid: Capital Stock	\$699,300	
Premium	<u>69,930</u>	
.....		769,230
		<u>\$1,355,770</u>

Note 1: Of the unissued capital stock 17,500 shares are reserved for issue upon the exercise of options, particulars of which are set forth in paragraph 11 of the Statutory Information of this prospectus.

FEDERAL SAVINGS AND LOAN CORPORATION

BALANCE SHEET AND PRO FORMA BALANCE SHEET
AS AT SEPTEMBER 15, 1964

After giving effect in the pro forma balance sheet to the issue and sale of 70,000 shares of capital stock of \$10 each for a net cash consideration of \$805,000 and payment of estimated expenses of \$13,500 in connection therewith.

	ASSETS	Balance sheet	Pro forma balance sheet
Cash	\$ 488,977	\$1,280,477	
Mortgage loans and advances (Note 2)	63,100	63,100	
Accrued interest	2,585	2,585	
Organization and financing expenses	10,500	24,000	
	<u>\$ 565,162</u>	<u>\$1,370,162</u>	
	LIABILITIES		
Accounts payable and accrued liabilities	\$ 15,154	\$ 15,154	
	SHAREHOLDERS' EQUITY		
Capital stock (Note 3)			
Authorized —			
500,000 shares of \$10 each	<u>\$5,000,000</u>		
Issued —			
42,300 shares, fully paid (pro forma 112,300 shares)	423,000	1,123,000	
77,700 shares, 10% paid	777,000	777,000	
Premium on fully paid shares	42,300	147,300	
Premium on 10% paid shares	77,700	77,700	
	<u>1,320,000</u>	<u>2,125,000</u>	
Less — Amounts unpaid (Note 4)	769,230	769,230	
	<u>550,770</u>	<u>1,355,770</u>	
Less — Premium received transferred to contributed surplus	50,070	155,070	
	<u>500,700</u>	<u>1,200,700</u>	
Contributed surplus:			
Premium received on sale of shares —			
On fully paid shares	42,300	147,300	
On 10% paid shares	7,770	7,770	
	<u>50,070</u>	<u>155,070</u>	
Deficit	(762)	(762)	
	<u>550,008</u>	<u>1,355,008</u>	
	<u>\$ 565,162</u>	<u>\$1,370,162</u>	

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM INCORPORATION
ON MAY 28, 1964 TO SEPTEMBER 15, 1964

Mortgage and other interest	\$ 4,125
General and administrative expenses	4,887
Loss for the period	<u>\$ 762</u>

APPROVED ON BEHALF OF THE BOARD:

Director (Signed) OSCAR RECHTSHAFFEN

Director (Signed) JAMES H. MORLOCK

See accompanying notes to financial statements.

FEDERAL SAVINGS AND LOAN CORPORATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 15, 1964

1. Federal Savings and Loan Corporation was incorporated under The Loan and Trust Corporations Act of Ontario by letters patent dated May 28, 1964 and was registered to transact business under the Act on July 20, 1964. Business operations began in the second half of August 1964.

2. Mortgage loans and advances of \$63,100 at September 15, 1964 represent cash advanced in respect of seven loans to be secured by first mortgages on real estate, bearing interest at rates ranging from 7% to 8% per annum and having maturity dates in the years 1970 to 1974.

3. The corporation has granted an option to Mr. Oscar Rechtshaffen, President, to purchase 7,500 unissued shares of the capital stock of the corporation at \$11.00 per share up to June 30, 1969. An option has also been granted to Security Capital Corporation Limited to purchase 10,000 unissued shares of the capital stock of the corporation at \$11.00 per share up to February 15, 1966. This latter option is conditional upon Security Capital Corporation Limited paying in full by August 15, 1965 the amount owing on shares referred to in Note 4.

4. The total of \$769,230 remaining to be paid on the 77,700 partly paid shares includes \$274,230 in respect of 27,700 shares payable by Security Capital Corporation Limited on or before August 15, 1965. The balance of \$495,000 in respect of 50,000 shares will be payable from time to time at the call of the directors, but not later than ten years from date of issue.

To the Directors of

FEDERAL SAVINGS AND LOAN CORPORATION:

We have examined the balance sheet and the pro forma balance sheet of Federal Savings and Loan Corporation as at September 15, 1964 and the statement of profit and loss for the period from incorporation on May 28, 1964 to September 15, 1964. Our examination included such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of profit and loss present fairly the financial position of the corporation as at September 15, 1964 and the results of its operations for the period from incorporation on May 28, 1964 to September 15, 1964 in accordance with generally accepted accounting principles.

We further report that, in our opinion, the accompanying pro forma balance sheet presents fairly the financial position of the corporation as at September 15, 1964 after giving effect to the proposed transactions set out in the heading of the balance sheet.

(Signed) PRICE WATERHOUSE & CO.

Chartered Accountants.

TORONTO, October 6, 1964.

STATUTORY INFORMATION

1. The full name of the company is Federal Savings and Loan Corporation (herein called the "Company") and the address of the head office of the Company is 25 Adelaide Street West, Toronto, Ontario.

2. The Company was incorporated under the laws of the Province of Ontario pursuant to The Loan and Trust Corporations Act by Letters Patent dated May 28, 1964 and is duly registered under the said Act to transact the business of a loan corporation.

3. The general nature of the business being transacted or to be transacted by the Company will be the usual business transacted by loan corporations registered under The Loan and Trust Corporations Act including the receiving of monies from the public through deposit and savings accounts and issuing debentures or like obligations, and the investment of such monies, in first mortgages and other investments authorized under the said Act.

4. The names in full, present occupations and home addresses of the directors and officers of the Company are as follows:

DIRECTORS

Name	Occupation	Address
Hon. GEORGE ERNEST HALPENNY P.C.	Executive	90 Grand Avenue, London, Ontario.
GORDON ROSS PEARSON BONGARD	Investment Dealer	29 Old Forest Hill Road, Toronto, Ontario.
LEE WARNER LARKIN	Executive	9 Green Valley Road, Willowdale, Ontario.
RALPH SCOTT MISENER	Executive	99 Church Street, St. Catharines, Ontario.
JAMES HYDE MORLOCK	Solicitor	1 Douglas Crescent, Toronto, Ontario.
OSCAR RECHTSHAFFEN	Executive	21 Mayfair Avenue, Toronto, Ontario.
ROGER NANTEL SEGUIN	One of Her Majesty's Counsel	409 Wilbrod Street, Ottawa, Ontario.

OFFICERS

Name	Office	Address
Hon. GEORGE ERNEST HALPENNY P.C.	Chairman of the Board	90 Grand Avenue, London, Ontario.
OSCAR RECHTSHAFFEN	President	21 Mayfair Avenue, Toronto, Ontario.
LEE WARNER LARKIN	Vice-President	9 Green Valley Road, Willowdale, Ontario.
JAMES HYDE MORLOCK	Secretary-Treasurer	1 Douglas Crescent, Toronto, Ontario.

5. The name and address of the auditor is Price Waterhouse & Co., Chartered Accountants, 55 Yonge Street, Toronto.

6. The Company will act as its own registrar and transfer agent for its shares.

7. The authorized capital stock of the Company consists of \$5,000,000 divided into 500,000 shares of the par value of \$10 each, of which 120,000 have been allotted and issued. All such shares were issued at par plus a premium of \$1 per share and 42,300 of such shares are fully paid and the remaining 77,700 shares are 10% paid. Of the 77,700 partly paid shares, 27,700 thereof under the terms of a contract with Security Capital Corporation Limited will be fully paid on or before August 15, 1965 and the balance of the purchase price on the remaining 50,000 shares will be payable in cash from time to time at the call of the directors of the Company, subject to the provisions of The Loan and Trust Corporations Act and the provisions of paragraph 33 hereof to which reference is hereby made.

8. All shares in the capital stock of the Company carry one vote per share. All dividends and other benefits paid or conferred on shareholders shall be in proportion to the amounts paid up on shares and on liquidation, winding up or distribution of capital assets such shares shall be entitled to participate proportionately having regard to the amount paid up thereon.

9. There are no bonds or debentures outstanding and there are no other securities issued or proposed to be issued by the Company, which, if issued, would rank ahead of or pari passu with the shares offered by this prospectus other than debentures or like obligations which will be issued in the ordinary course of the business of the Company.

10. No substantial indebtedness is to be created or assumed by the Company, other than in the ordinary course of the business of the Company, which is not shown in the balance sheet and pro forma balance sheet of the Company as at the 15th day of September 1964, forming part of this prospectus.

11. No securities of the Company are covered by options outstanding or proposed to be given except: (i) Mr. Oscar Rechtshaffen, the President of the Company, has been granted an option to purchase in whole or in part, 7,500 shares at \$11 per share, on or before June 30, 1969; and (ii) Security Capital Corporation Limited has been granted an option, conditional upon payment in full by August 15, 1965 of the 27,700 10% paid shares subscribed for by it to which reference is hereby made to paragraph 7, to purchase in whole or in part 10,000 shares at \$11 per share, on or before February 15, 1966. Security Capital Corporation Limited is a publicly held company and Mr. Oscar Rechtshaffen together with Bongard & Company, 25 Adelaide Street West, Toronto, are in a position to elect or cause to be elected a majority of the directors of that company.

12. The number of securities offered by this prospectus and their correct descriptive title and the issue price and terms thereof are as stated on the face page of this prospectus to which reference is hereby made. No other securities of the Company have been offered for public subscription since the date of incorporation of the Company.

13. The estimated net proceeds to be derived by the Company from the sale of the shares offered by this prospectus on the basis of such shares being fully taken up and paid for is \$805,000 less legal, auditing and other expenses in connection with the issue estimated at \$13,500.

14. The net proceeds to be received by the Company from the sale of the shares offered by this prospectus will be used for general corporate purposes, including working capital, and the purchase of assets required to commence full scale business operations.

15. No minimum amount, in the opinion of the directors, must be raised by the issue of the shares to provide the sums required or the balance of the sums required to pay the purchase price of any property purchased or to be purchased, any preliminary expenses, any commissions payable in respect of any agreement to subscribe for or procure or agree to procure subscriptions for any shares in the capital stock of the Company, to repay any moneys borrowed by the Company in respect of the foregoing matters or to repay bank loans.

16. Pursuant to and subject to the terms and conditions of an agreement dated October 6, 1964 between the Company and Bongard & Company and Carlile & McCarthy Co. Ltd. (herein called the "Underwriters"), the Company has agreed to sell and the Underwriters have agreed to purchase the 70,000 shares in the capital stock of the Company offered hereby for a net cash consideration of \$805,000 in cash or by certified cheque against delivery of certificates representing the said shares.

17. The by-laws of the Company provide:

"The remuneration, if any, to be paid the directors shall be fixed by the shareholders in general meeting; such remuneration shall, unless otherwise determined, be in addition to the salary of any officer or employee of the Corporation, or to the professional fee of any person who is counsel or solicitor to the Corporation or otherwise serves it in any professional capacity, who is also a member of the Board.

In addition, the Board may by resolution, from time to time, award special remuneration out of the funds of the Corporation to any director who performs any special work or service for, or undertakes any special mission on behalf of the Corporation outside the work or services ordinarily required of such director.

Directors shall be paid such sums in respect of their out-of-pocket expenses, incurred in order to attend Board, committee or shareholders' meetings or otherwise, in respect of the performance by them of their duties as the Board may from time to time determine. No confirmation by the shareholders of any such remuneration or payment shall be required."

18. It is estimated that the aggregate remuneration to be paid by the Company to its directors, as such, during the current financial year ending December 31, 1964 will not exceed \$1,000. It is estimated that the aggregate remuneration to be paid by the Company to officers, as such, who individually may be entitled to receive remuneration in excess of \$10,000 per annum during the current financial year ending December 31, 1964, will be at the rate of \$27,000 per annum.

19. No amount of commission has been paid by the Company within the two preceding years, nor is any payable by the Company for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or obligations of the Company.

20. The estimated amount of the preliminary expenses, excluding the expenses referred to in paragraph 13 hereof, is \$10,500.

21 & 22. No property has been purchased or acquired by the Company, nor is any proposed to be purchased or acquired, the purchase price of which is to be defrayed in whole or in part out of the proceeds of the securities offered by this prospectus or has been paid since the date of incorporation or is to be paid in whole or in part in securities of the Company, or the purchase or acquisition of which has not been completed at the date of this prospectus other than transactions entered into or to be entered into in the ordinary course of operations or on the general credit of the Company.

23. No securities have been issued or agreed to be issued by the Company prior to the date hereof, as fully paid or partly paid up otherwise than in cash and reference is hereby made to paragraphs 7, 11 and 13 for particulars as to the extent to which shares are paid up and the consideration for which shares have been issued and are proposed to be issued.

24. No obligations are offered by this prospectus.

25. No services have been rendered or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds of the shares offered hereby or have been prior to the date of this prospectus or are to be paid for by the securities of the Company except for the preliminary, legal, audit and other expenses referred to in paragraphs 13 and 20, to which reference is hereby made.

26. No amount has been paid or is intended to be paid to any promoter.

27. The Company has not entered into any material contract since the date of its incorporation, other than contracts entered into in the ordinary course of business, except the agreements referred to in paragraphs 11 and 16 hereof, copies of which may be inspected at the head office of the Company during ordinary business hours.

28. No director has any interest in the promotion of, or in any property acquired or proposed to be acquired by, the Company since its incorporation.

29. The Company has carried on business as a loan corporation under The Loan and Trust Corporations Act since August 15, 1964. The Company has not acquired and does not propose to acquire, either by direct acquisition or indirectly by ownership of shares, or otherwise, a business that has been carried on for less than three years.

30. Security Capital Corporation Limited and Mr. Oscar Rechtshaffen, the President of the Company, are by reason of beneficial ownership of shares in a position to elect or cause to be elected a majority of directors of the Company. After giving effect to the sale of the shares offered by this prospectus, no person or persons, by reason of beneficial ownership of securities of the Company or any agreement in writing, are in a position to, or entitled to, elect or cause to be elected a majority of the directors of the Company.

31. No securities of the Company are held in escrow.

32. No dividends have been paid by the Company since its incorporation.

33. The by-laws of the Company provide that no further shares in the capital stock of the Company shall be allotted or issued, nor shall anything be done which shall create an obligation to allot or issue any shares so long as any issued shares are not fully paid except: (i) the issue of shares resulting from the exercise of the options referred to in paragraph 11 hereof; (ii) the granting of options to executives and officers of the Company and the allotment and issue of shares upon the exercise of such employee options; and (iii) the allotment and issue of the shares offered by this prospectus. The by-laws further provide that any shares which are not fully paid up at the time of issue must be fully paid within a period of ten years of the date of issue.

34. There are no material facts not disclosed in the foregoing.

Dated October 6, 1964.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by the Securities Act, 1962 (British Columbia), Part IX of The Securities Act, 1955 (Alberta), by Section 39 of The Securities Act (Ontario) and under the Quebec Securities Act and there is no further material information applicable other than in the financial statements or reports where required or exigible.

Directors

(Signed) JAMES H. MORLOCK
 (Signed) OSCAR RECHTSHAFFEN
 (Signed) ROGER N. SEGUIN }
 (Signed) RALPH S. MISENER }
 (Signed) G. E. HALPENNY }

(Signed) GORDON R. P. BONGARD
 (Signed) L. W. LARKIN
 by their attorney
 (Signed) OSCAR RECHTSHAFFEN

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by the Securities Act, 1962 (British Columbia), Part IX of The Securities Act 1955, (Alberta), by Section 39 of The Securities Act (Ontario) and under the Quebec Securities Act and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

Underwriters

Bongard & Company
 by: (Signed) GORDON R. BONGARD

Carlile & McCarthy Co. Ltd.
 by: (Signed) GORDON R. BONGARD
 Vice-President

The following are names of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of Bongard & Company: S. K. Bongard, G. R. Bongard, F. W. Graham, M. C. McCarthy and W. R. Taprell.

The following are names of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of Carlile & McCarthy Co. Ltd.: S. K. Bongard, F. W. Graham, M. C. McCarthy and W. R. Taprell.